

GRI-rapport 2002:7

Projects and core values

by

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Fetsschrift für Rolf Lundin

Abstract

Premium products do not speak for themselves! We do! When we experience them. We give them meaning by putting the core values that the products exhibit in context. The brand values provide a bridge between customer values and the properties built into the product in the design project. In this sense the design of a premium product also has an organizing property by initiating the generation of discursive objects that relate project members to each other.

The “Premium” in a premium product means that the arguments for it are based in the values (not so much the costs) for its audience. The core values (of the brand or the company) that keep a social unit (the project) together have been forged in response to historical experience as principles behind successful strategies. Arguments that are based in such values are discursive in the sense that they are co-produced by the author and the reader of the design of the product.

The problem of every speaker is that he or she loses control over the meaning of his or her argument as soon as it is uttered. A communicative situation is established by the utterance and the hearers go to work making sense of it by putting it into the context of their choice. Speaker intentions may be ignored or may not be detectable.

Misunderstanding (from the speaker’s view) may follow.

The speaker can control the sense making work by providing a strong narrative that becomes the preferred context used by hearers. A strong narrative invites to co-production by subjunctivity (Bruner) and implicature (Grice).

PROJECTS AND CORE VALUES

Introduction

I will try to argue the case for a strong narrative in support of premium products as a crucial strategic factor by picking empirical illustrations from a study of product development in the Volvo Car Corporation, a company that now is a Ford subsidiary after a period of alliances (with Renault and Mitsubishi) in the 1990s. How can a company keep its soul in a context of rapidly shifting principals? Do company cultures and brand values help or get in the way of premium design? And what about customer satisfaction? Claimed to be the source of every sound business strategy; or was it shareholder value?

First I need to establish the quality conception behind the argument. We find in most of the literature on quality a concept that is related to different tools of asymptotic improvement like TQM, Kaizen, etc., a concept that is statistical in character and denotes absence of deviations from the product specifications. This is the concept of quality that Juran taught and ISO promotes. It is based in production, could be called “congruence quality” and we couldn’t live without it. However, when we ask on what grounds product specifications should be established we approach the concept of “design quality”.

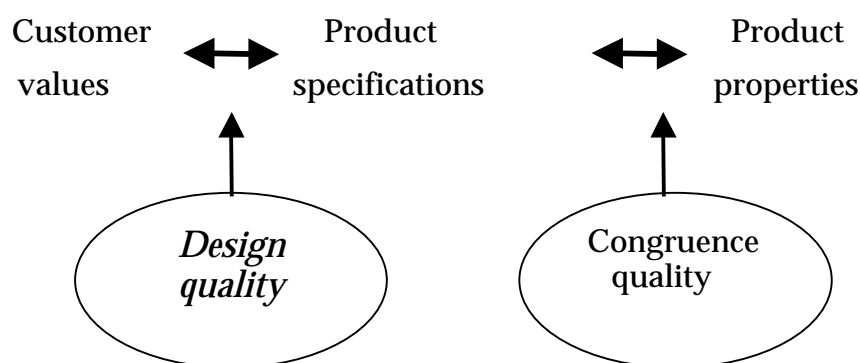


Figure 1. The total quality concept

Product specifications should relate to customer values or needs, but in industrial design, and especially in competitive markets like the car industry, one cannot easily ask the customers what they think about a model that will be on the market 5 years from now. As a matter of fact we have not met one design engineer (in the widest sense of the word)

during our three years in the field who gave us any other type of comment than “If we ask the customers they will tell us that they prefer a car like this year’s model!” This means that there has to be a substitute for the input of direct customer opinion in the design work. Such a substitute is provided by the “brand values” and the articulation of need of the selected customer group. The problem is that current brand values have notable internal contradictions. Furthermore, the temporary project charged with the development of a premium product is not independent of the “line organisation” in which it is embedded. It is subjected to influence from finance, production, strategy, marketing, R&D, etc. All these influences carry with them restrictions on the freedom of design. The complexity of the information flow needed to accommodate all these constraints is overwhelming. The question is how do they cope, and what kind of support could help them cope? It is assumed that it is not a feasible approach to demand a stable, non-contradictory set of goals and constraints.

OBSERVATIONS OF PREMIUM PRODUCT DESIGN IN CONTEXT

We want to know how competent people accomplish what they do in their area of competence. It is not likely that we can achieve this through interviews, since interviews will contain information that is probably twice interpreted when presented to the interviewer. Direct observation is required in order to have a referent for interpretation and coding. This is the argument of ethnomethodologists like Garfinkel (1967), Sacks (1992), and Silverman (1998). We do not want to test whether the product developers work the way we think they should according to our theories but understand how they work. We also want to avoid being too influenced by our own theories when we interpret or code the data we collected from the field, and for that purpose we want to elicit the help of the participants themselves in interpretation. This has been accomplished by first video recording project management meetings, and then edit short sequences from the recorded meetings. These sequences have been played back to participants individually with the question “What is going on here?” The comments have been audio recorded and transcribed. These recordings and comments on them provide the main basis for identification of communication issues. A large number of interviews and measures of work climate on 3 occasions over a 3-year period provide background information.

Focus will be on the effects on communication in a product development team of contradictions between brand values; in this specific case how members deal with noise (a quality variable) caused by priority being given to “joy of driving.” First I will try to show how the brand values have developed over the last 20 years as a consequence of initiatives to solve strategic problems for the company. Then I will illustrate the communication problems caused by “noise” as a “problem” for a couple of car projects aiming to improve the “joy of driving” factor of the product by installing more powerful engines and related systems. Finally I will discuss how project management could cope with the complexity and knowledge intensity of this kind of very large projects.

THE COMPANY HISTORY IS THE SOURCE OF VALUES

The heroic persons, depicted under the heading “Our heritage” in current days’ brochures and presentations of brand values and company philosophy are the founding fathers. In the case of Volvo they are two. Assar Gabrielsson, the outward-looking sales director of the SKF ball bearing company, had got acquainted to the car industry while sales manager for SKF’s French market where the car companies were important customers. Gustaf Larsson, who was technical director and deputy president of the company during its first 25 years, and had experience from the British car industry before joining Assar Gabrielsson in their project to produce cars in Sweden. The arguments for a likely success were that wages were relatively low in Sweden, steel was of high quality, and the Swedish roads required a more robust design than was usually the case in imported cars. The company started in a small scale under the protective wings of SKF. The business idea from the start was to “build cars in the Volvo way.” This meant that Volvo relied on long-term agreements with sub-contractors, which reduced the amount of capital tied up in the company at the same time as those sub-contractors and their experience became committed to the cause.

Like in other companies that have caught the attention of business analysts (Honda, Sony) the two founders complemented each other with Gustaf Larsson specialising in design and production while Assar Gabrielsson was the strategist and manager. Gabrielsson engaged in the public debate on cost calculation during the middle of the 1930s. He was also a commissioner charged to sort out the bankruptcy of the Krueger empire at the same time.

During and after the Second world war Volvo acquired some of its most important suppliers and this was to become a trend for some decades. Key suppliers became part of the Volvo organisation. During the war the new Volvo 444 was presented, a small car with several interesting features. Due to the large strike at the end of the war production could not start until 1947. But once it was launched the PV 444 carried the car division a long way, not least due to the guarantee introduced in 1954 (at first thought to be an illegal form of competition). Exports, also to the USA, were successful. In 1956 Assar Gabrielsson resigned (Gustaf Larsson had resigned in 1952) and was succeeded by Gunnar Engellau who invigorated product development and developed the sales organisation. Focus was on comfortable ownership of a long-lived car.

In 1961 glamour was brought to the product line as the sports car P 1800 was introduced (and “placed” as the car used by “The Saint” (Roger Moore) in the popular TV series). The 1960s were characterised by investment and expansion and establishment of production units abroad. Towards the end of the decade Volvo posted its best financial results so far. Personnel turnover was a serious problem at the time. It approached 50 % a year in some plants. What could be done to the work environment? Gunnar Engellau handed over the CEO job to his young son-in-law Pehr G. Gyllenhammar in 1971, but remained as an energetic chairman of the board of directors. This first period brought robustness, safety and a guarantee to the customers, successful expansion and good citizenship to the organisation.

With Gyllenhammar a new era began

There had been student protests in Sweden as in many other countries. Protests against the war in Vietnam followed. In Sweden these protests had a champion in government. Olof Palme channelled them into a drive for “economic democracy”. On top of the effects of the first oil crisis, and a significant personnel turnover problem, a set of new legislation capped by the Co-determination act, in force from 1977, set the stage. In Gothenburg, the hometown of Volvo, three big shipyards ran into difficulties and were closed down in drawn-out agony. At the same time as the economic effects of the oil crisis struck the car industry the labour unions were at the height of their power – in 1975 a collective agreement on wages for industry awarded increases of around 40% over a 2 year period. Inflation was closer to 15 than 10% most of the time. Mr Gyllenhammar had a strategic problem.

One of Gyllenhammar's first moves was to reach an agreement with the Dutch DAF-company, first in 1972 to acquire 33 % of the shares, and then in 1975 75 %. The idea was to expand the product portfolio with a small car to help exclusive Volvo dealers to survive. Later, in 1981, the Dutch state invested in the company in order to uphold employment in a district in southern Holland where mining had been a large source of employment. The plant in Born, outside Maastricht was to become the site of the Mitsubishi – Volvo alliance in 1992.

During the first half of the 1970s it was the truck division that kept Volvo's financial results up, but by 1976 things turned down for the whole and 1977 promised to be even worse (still profitable, but barely). There wasn't enough of a cash flow to carry the burden of a renewal. New partners were needed. In January of 1977 Marcus Wallenberg, the strongman of Swedish industry was approached for a discussion of the future of the Swedish vehicle industry. These discussions resulted in a proposal the same year that Volvo and Saab-Scania should merge. In the meantime the Co-determination act of 1977 came into force. It stipulated that any significant change of the work environment had to be negotiated with the unions. The different unions could not agree on the terms of the merger and the leadership Saab-Scania grew more and more sceptic. The merger plans had to be terminated. In November 1977 Volvo approached the minister of industry for a discussion of how Volvo's project for renewal could be financed. The minister responded that such a discussion would have to include other parties (Saab-Scania) to assure equal treatment. These plans to involve the Swedish government were abandoned before any discussions had been held.

Already at the outset of the oil crisis Volvo had engaged in oil prospecting on the Norwegian continental shelf. This had led to agreements for Volvo to place sub-contracting orders in Norway. Now these contacts were intensified. On the same day (in August 1977) as the failure of the merger with Saab-Scania mr Gyllenhammar had a conversation with the Norwegian Prime Minister, Oddvar Nordli that seemed very constructive. The result was a PM to the Norwegian government in January 1978 proposing that an emission of new shares in Volvo should be directed towards Norway. Initially the Norwegian government should guarantee the emission but later the shares should be privatised. Volvo would be listed on the Norwegian stock exchange and Norwegian ownership would amount to 40%. Volvo would get oil concessions in the North Sea and the company would also participate actively in the industrial development

of Norway required for the time after the oil period. An agreement to this effect between the Norwegian government and Volvo was signed in December 1978. It required acceptance by an extra shareholders' meeting (scheduled for January 30, 1979; 2/3 majority required) and the Norwegian Parliament. The most intensive debate ever held in Sweden on industrial policy followed. The Public Relations department of Volvo logged more than 20.000 articles in the press on the issue. Soon it was clear that large shareholders were sceptical. It would not be possible to gather the required majority. The Norwegian Prime Minister was informed. The deal would not float. Volvo was a Swedish institution that could not be sold.

In the meantime the second oil crisis hit the world. The Shah of Iran was driven away and ayatollah Khomeini took charge. The value of the oil concessions increased. But Volvo had also turned around. Profits for 1978 doubled those of the year before. Renault took notice and approached Volvo in December 1978 to become a partner in the new Swedish-Norwegian Volvo. Mr Gyllenhammar signalled an interest in a deal but wanted to see the outcome of the Norwegian deal before discussions with Renault could start. After the failure of the Norwegian deal discussions started with the intention that Renault would buy a share of the whole Volvo group, but soon Renault focused on Volvo Car. In December 1979 it was announced that Renault would buy 20% of Volvo Car in a three-step deal. This provided an infusion of new capital. Furthermore, since the shareholders rejected the Norway deal it was only fair that they should compensate in a new, successful emission of shares. Finally, the second oil crisis that struck most truck producers in the world had spared Volvo and Scania. Both companies did very well in heavy trucks in the Middle East. Armed with strong finances Volvo could take offensive steps to reduce its vulnerability to the business cycle.

The success of the Truck division inspired a more serious effort to establish a secure foothold in the USA. For a while Volvo trucks was represented by Freightliner, but as this company was taken over by Daimler-Benz in 1981, a new solution was found in the acquisition of failing White Motor Corporation. The risk reduction aspirations lead to investment in an offshore company and in 1981 and a merger with Beijerinvest, a conglomerate with a portfolio of activities, from oil trading to food. The Volvo share was doing well in the stock market. In 1982 Volvo floated the largest emission of new shares in Swedish industry. Mr Gyllenhammar had really proven himself as a strategist, and Volvo stood very strong.

Now mr Gyllenhammar was approached by the ailing Marcus Wallenberg for talks on the future of Swedish industry. The two got along well and it seems like Marcus Wallenberg had found his heir to the throne of Swedish industry. The agreement between the two was sealed by Volvo acquiring a 25% interest in two of the core companies in the Wallenberg sphere, Atlas Copco and Stora. However, Marcus Wallenberg died the same year and the realisation of the agreement had to be discussed with the next Wallenberg generation. Soon it was clear that this would not work out as planned and in 1984 the Wallenberg group bought back the shares in Atlas Copco and Stora, while the Wallenberg group promised to unload its shares in Volvo (acquired during the period of controversy) to buyers pointed out by Volvo.

With hindsight the conclusion must be that Volvo took a giant step strategically during the 1970s and early 1980s. From a situation where the company was severely threatened by the oil crisis and its financial and political consequences it lifted itself to a position where it was close to becoming the very strategic centre of Swedish industrial policy. The focus of attention was mr Gyllenhammar, who was very visible in the public debate throughout this period. Part of the strategy was to make Volvo into an institution by having a very large number of small owners. To guarantee the integrity of the company (as seen by its leaders) an arrangement with cross ownership between Skanska and Volvo with some jointly owned holding companies was in place. It was designed to prevent any hostile takeovers. (It should be noted that the transnational Swedish companies were very busy acquiring companies in Europe and the USA at this time. There was mentioned in the political debate that companies had plans to move their domicile inside the integrated market of the European Union.). Sweden was not a member of the EEC at this time.

Good citizenship

Mr Gyllenhammar was successful in establishing Volvo as a national asset. The outrage when he proposed that a large part of Volvo should be sold to the Norwegian government is proof of this. His political writings at the time (e.g., Gyllenhammar 1973) demonstrated his ambition for the company to be a good citizen. One of the topics treated by Gyllenhammar in one of his books (1973) was the work environment and the efforts to deal with those problems by designing the work organisation to stimulate learning and teamwork. This was realised in the Kalmar plant where job enlargement, long work cycles, and teamwork were built into the “work station” design of the assembly plant. The

new plant was opened in 1974 and got worldwide attention for its trust in teamwork as the carrier of the joy of work. The Kalmar plant was presented as a place to learn things that could be implemented in other plants. Later the new Uddevalla plant was design on the experiential basis generated by the Kalmar plant. It seems obvious that, even if learning to exploit the benefits of this work organisation takes some time (not as long as it took to perfect the assembly line though), both Kalmar and Uddevalla had a very rapid cost improvement history. It would have been nice to have those plants in full operation today to enhance the premium property of the Volvo car family. It seems like the justification for the closing down of production in those plants was based in production capacity. Production in the old way, using the classical assembly line with its rigid tempo, can benefit from better capacity use to a larger extent than the workstation design can. Still it is a pity that this project of foresight was not carried through to its full extent into the new Millennium. We hear reports about experiments in Japanese industry with workstation designs, and liquidation of the assembly line today. It is difficult to recruit young people in Japan to the monotony of the assembly line today.

The concern for an improved work environment was not only a matter of reducing the personnel turnover that had proven to be detrimental to quality in the early 1970s, but also a part of the good citizenship exhibited by Volvo at the time. Volvo was indeed a good citizen in terms of its institutional character. Gyllenhammar was an active participant in the public debate and the company managed to achieve a position as an important social partner through the 1970s. Not least did Volvo organise a dialogue with the unions that helped it take the strategic issues through its own organisation without too much turbulence in the troubled times of the oil crises. Gyllenhammar was an institutional leader (Selznik 1947) building a basis in values (safety of the car, good work environment for the employees, industrial development for Sweden etc.) rather than in shareholder value arguments.

Market positioning

Strategic positioning of the Volvo car in the market was an important topic for the new top manager throughout the 1970s. After the expansionary period in the 1960s that resulted in an “x-plant” in Kalmar (1974), the “y-plant” in Chesapeake, USA (announced in 1973), and a “z-plant” that did not move beyond the planning stage, Volvo was one of the first companies in the world to reduce the production rate in 1974. These were serious times for many carmakers, British Leyland was bleeding, Volkswagen reported huge

losses, Autobianchi and Lancia were taken over by Fiat, Alfa Romeo by the state, Citroen went bust and the French government helped finance a solution together with Peugeot. A strategy study in Volvo at the time presented two main options:

- to broaden the car program (quickly) to include more than one model
- to invest more aggressively in developing Volvo's other business areas, primarily the Truck division.

A combination of the two options was chosen in the sense that an accelerated growth of the truck division was combined with a broadening of the car program (Lindh, 1984). However, the new car project was stopped at the very final board meeting. The project, P172, had produced a car that was too big and costly in the current oil crisis that seemed permanent at the time, with great influence on expectations. Instead the only addition to the car program was the Volvo 340 developed for the DAF-plant. This car was not up to Volvo standards when it was released. It did not help.

Since the P172 was scrapped the only solution at hand was to prolong the life of the 240 series. This proved to be a good idea since the 240 was praised for its safety features this was something to build on. In 1974 a new 6-cylinder engine developed together with Peugeot and Renault was presented in the 260 series. Already in 1971 when Volvo was engaged in talks with DAF the contact with Renault was established. That summer the "Société Franco-Suedoise des Moteurs PRV" had been formed and the new engine was a result of this joint venture. Still 1974 was a lost year (Annual Report) even if the first cars (164s) were delivered from the Kalmar plant. The second half of the 1970s were characterised by the desperate search for solutions to the problem of financing a larger development budget. Even if the cars fared fairly well the future did not look very optimistic. A state authority responsible for industrial policy published a study in 1979 ("Swedish car industry – facing the 1980s") that wrote off both Saab and Volvo as doomed.

When the market turned to growth again the internal discussion on market strategies, which had to a large extent been set in motion by the current quality problems - not least with the Volvo 66/343 in Holland, ended in a decision to move Volvo towards the prestige segment. This would be accomplished by leading the way for new car models by introducing the prestige version first (and cheaper versions later). The first application of this was the Volvo 760. In the meantime Volvo presented a number of experimental cars (a

taxi, a safety car, a gas turbine car). The design work for the safety car went into the 760. At this time product development costs for Volvo Car were as high as 10% of sales. (This obviously was a cause of concern that gave impetus to the strategic activities of mr Gyllenhammar during these years). The new car was developed with an eye to the American market and with extensive testing of customer tastes in several countries. The launch at 9 places at the same time went well. The “boxy” look of the new car deviated from what Mercedes, Audi and Ford presented at about the same time in 1982, but in fact the aerodynamic measures were quite favourable for the 760. Many interesting technical solutions were included. Sales surpassed expectations (in 1983 the 760 accounted for 12% of total sales, a large figure for a new car in a higher price bracket). In 1984 the less luxurious 740 was introduced. It was helped to a quick start by the success of the 760. Imagine, buying a car that looked like the 760 at a considerably lower price. The plan was that the 240 should be phased out as the 700 penetrated the markets, but it refused to die. At the middle of the 1980s Volvo Cars stood very strong with a successful launch of the 700, with the van 745 still to come. One might wonder why the estate version (the 745) was not developed simultaneously. After all Volvo already had a reputation as a leading estate producer. The reason was a “North-West” strategy. Volvo wanted to move upwards towards the prestige segment and this could not, it was thought, be done with an estate car. The 745 came a year later.

Strategically the company was strengthened with a (unrelated) diversification strategy (into energy and food among other things) that some saw as daring (Renault stepped in as a minority owner at this point). Financially the group was much stronger, but there were reasons to worry. The Japanese were coming. They had lean production (Womack et al 1990) and an energy-conserving concept in their small cars. Fortunately they aimed at the USA first, but Europe would no doubt be their next target. Volvo had 85% of its sales in export markets. Market shares were minimal in large markets like France and Germany even if Italy and Great Britain showed nice improvements. It seemed certain that Sweden would stay out of the European Community and this posed a strategic problem for a company that had positioned itself as a Swedish institution.

The strength was in the products with their excellent safety records and robustness. The latter aspect had been an argument since the very beginning and the former had come gradually with the 240 and then with the 700 series. The Lambda-sond had been an early, significant step in emission control. The quality control system, with results tied to an

employee bonus system, had improved quality to top standard. New forms of production organisation were under development. Volvo had become an important Swedish institution with a comparatively independent position in relation to the traditional spheres of interest clustered around the major banks. Its president, mr Gyllenhammar enjoyed a prestige that were unheard of before in Sweden.

Strategically the Volvo focus was now on the development of the Renault alliance. There had been some dissenting opinions internally. The young car CEO, mr Holtback had argued for an alliance with Audi and resigned on that issue, but the latter part of the 1980s saw an ever increasing “rapprochement” to Renault on many levels. One nagging problem was that Volvo Car needed a small car to support exclusive dealerships in Europe. The larger car does not provide enough volume and customer choice. The DAF 66 and the Volvo 340 did not provide the solution even if the 340, with a continuous offer of variants, reached 50.000 cars in a good year. There were rumours that a new small car from Holland was on its way and that it would be the first front wheel drive car for Volvo. That would be the day! There was a “prestige-filled” bickering going on between Volvo and the neighbour Saab about the benefits of front wheel drive. The Volvo car developers would not expose themselves to a loss of face like that... would they?

Well, as a matter of fact they would! As a consequence of the troubles with the product line in the late 1970s a futuristic project (the Galaxy project) was set up in Volvo Car. The task was to look 15 years ahead and see what cars were needed beyond the 1980s. One of the first things that were discovered was that the customers voted for front wheel drive. For while Volvo had to continue to argue for the current solution even if they knew that Saab was right.

The Galaxy project bifurcated into two paths. First came the new 400 series with the first front wheel drive version (480 ES), in 1986, which, after a host of quality problems, stabilised nicely. The second path from Galaxy was the 850, which was the big car supposed to supersede both the 700 and the 240 series. The project had been going on for about 10 years when the 850 was launched in 1991. Part of the explanation for this was that both the 240 and the 700 refused to die. Sales continued at a decent level. Also the solutions in 850 required a comprehensive redesign of the industrial system. The new car had front wheel drive and an aluminium engine positioned sideways. It constituted a large strategic step as it manifested the introduction of “joy of driving” as a core value. Still the daring “distinct and attractive” design was largely missing. The 850 was a success

from the start with enthusiastic comments by motor journalists. Volumes rose quickly. The young project leader, Peter Augustsson, got a lot of attention and stories about the project began to emerge as narratives with a “point.” One such story was that at one point in time project members started to worry that the project dead line would not be met. A meeting was called to request that the launch date be postponed. But the project leader had arranged with the CEO beforehand that when he, the project leader, asked for postponement the CEO would use abuse and a loud voice in denying a delay and declaring project dead lines sacred once and for all. The theatre performance worked and the launch date kept. Peter Augustsson “got away” with the gambit of deceiving his fellow project members. He had tried to get a postponement and he had taken abuse for the team, now they had to help him to deliver since he was in disgrace with his boss.

The 850 was a strategic project in many ways. As mentioned it marked a successful shift to front wheel drive. This manifested “joy of driving” as a core value for the brand. It stated, like the story above indicates, that project dead lines are non-negotiable, and it included an unusually large redesign of the industrial system to support its production. What the 850 did not do was to take a step in the direction of “distinct and attractive design”, the traditional Volvo features in this respect remained. Still, the strategic moves had, even if some were not accepted by the owners, established Volvo as an institution. There was a stronger resource base through diversification (a natural choice for an institution) and a movement toward the prestige car segment had started. But was this enough? What does Volvo stand for now? What is the Volvo spirit? A couple of books (Gall & Schütz, 1985, Lindh 1984) celebrating the Volvo history were published. Work started on the core values of the brand, the company philosophy and a “dialog” with the employees. As the dialogue progressed in articulating the company philosophy the alliance with Renault kept growing more intimate....

The Renault affair

Renault, the state owned car and truck company, had a very strong market position in France but, according to Volvo engineers, it was not doing so well in more demanding markets like the USA or Germany. Renault engineers resented this kind of allusions to markets with other tastes than the ones Renault attends to; the Renault is a “voiture a vivre” (a car to live with). Renault excelled in smart technical solutions and development was basically technology-driven. This was demonstrated by Renault’s long engagement in

the Formula 1 racing, and also by the fact that there was little "carry-over" between car models in Renault. Every car project designed its own car and family resemblance between models to build the brand had not been considered very central to strategy (but the fact that Renault engines are used in Formula 1 was). Renault people made jokes about the Volvo obsession with safety. Volvo's "voiture a survivre," was a contrast to the Renault "voiture de vivre". A car should be optimised weighing safety against weight, design and joy of driving. One shouldn't be fundamentalist like Volvo was.

For Volvo the alliance with Renault, signed in June 1991, was not uncontroversial, but there had been cooperation on engines for more than 20 years and close links had been developing on the financial, commercial and technical areas since long. It was obvious that the intention was to develop an even closer partnership. Better start brushing up your French! In September 1993 a merger was announced. Renault was doing well at the time. It had had a remarkable comeback with a cost and quality revolution towards the end of the 1980s; its Clio model had won the Car of the Year Award and Formula 1 racing was successful. This was in stark contrast to earlier times when its cars were considered charming but unreliable, unsafe and rust-prone by Swedes. The Renault organisation, which prides itself on its thorough analysis of all competing cars with detailed data on every component, had never analysed a Volvo car. Volvo engineers in the Engine department had recent experience from the joint development of a 6-cylinder engine with Peugeot and Renault. It was rather negative. The Renault organisation was considered bureaucratic, formalistic and francophone. The working style was seen as "strange" and the attitude was that they (the engine department) had little to learn from Renault on engines. This kind of pre-alliance experience was not gathered and analysed systematically in Volvo.

Both Renault and Volvo discussed deeper cooperation from the recognition that the future car market would require a faster pace of model changes and the costs for product development had to be shared. The president of Volvo, mr Gyllenhammar had started the process by proposing that Volvo should buy the Renault truck company RVI. The counter proposal was a merger around two companies, a truck company dominated by Volvo and a car company dominated by Renault. The proposal that Volvo Car Corporation (VCC) should be subordinated to Renault met with resistance. There was a better-liked partner, Audi, and the CEO was already well ahead in talks with this company, a deal was deemed close. However mr Gyllenhammar turned this proposal down, the CEO of VCC

left and talks with Renault continued with a more "balanced" view replacing the original two-company solution. Shell, with its dual British and Dutch structures seems to have been a model. The alliance was seen as the first step towards an ultimate merger. Now co-ordination of development programmes and sharing of investment costs could be initiated in order to realise the benefits of economies of scale.

At the same time VCC was working on a solution to another problem of economies of scale. A survey in Europe demonstrated clearly that a majority of the Volvo dealers could not uphold enough volume on the basis of the large Volvo. The smaller Volvo 400, built by what used to be the Dutch (70% state owned) Daf, was no solution since it was not considered up to proper Volvo standards. A new small Volvo had to be developed, if nothing else to save the European dealership network. If the partner in this project would have been Renault it is likely that the production facilities in Holland would have been liquidated and that was unacceptable to the majority owner, the Dutch state. Mitsubishi Motor Corporation (MMC) had been approached at the Frankfurt Motor Show in 1989 and showed an interest since it needed a foothold in Europe. The joint venture with Mitsubishi was designed as a learning project. The idea was to design a production facility that could produce two competing car on the same assembly line. The new small Volvo was to be built on an existing platform, the one used for Mitsubishi's Carisma. (We will return to the learning experience during the first few years of this project). Most Volvo engineers had difficulties making a connection between the Renault and Mitsubishi projects. Renault representatives tended to see the Mitsubishi alliance as treason.

A key idea in the alliance between Renault and Volvo was "equilibre" (balance) and a large number of committees with 50/50 representation were established. The worries among Volvoites about how equilibrium could be upheld with a partner 2.5 times bigger were soothed by mr Gyllenhammar pointing to the strong brand name of Volvo, its most valuable asset. As real outcomes of the implementation of the "equilibre" principle became manifest in the first jointly owned units, "GIEs" (Purchase department, Quality department etc), and these got French managers, this was, to French and Swedish managers alike, an indicator of what the post-merger organisation would look like.

A precondition for the merger was that Renault would be privatised prior to the merger. However, the political climate was not in favour of privatisation and there was delay with loss of momentum. In the meantime Volvo's financial situation worsened. Volvo

representatives found that this did not help their negotiating position. A balanced partnership shifted towards a 65/35% ownership in the joint company. The complicated management structure did not worry too much since the Volvo side foresaw that soon after privatisation this structure would have to be replaced by something more realistic. However when it was revealed that the French government would be able to control the joint company by using its "golden share," and on top of this, the government's ability to withstand popular demands had been tested in the case of restructuring Air France, and found wanting, things turned. Confidence in mr Gyllenhammar decreased rapidly when the significance of the golden share was revealed. Both sides had reasons for second thoughts, Renault had negotiated from the assumption that mr Gyllenhammar's position was unquestioned, while the Volvo organisation had trusted him as a guardian of their interests.

The alliance from the inside

These were the outer events. The inner events, the experience of doing actual work with the French colleagues, had a dynamic of their own. Few activities were undertaken to prepare people for the differences in culture and ways-of-working in the alliance/merger. You had to learn from experience. To illustrate how experience accumulated the P4 project, the common platform for the next generation of larger cars, will be used as reference. It was an example of the common orientation of the two parties to develop co-operation and integration through concrete project work.

First a middle range platform was considered, but this would collide with the Volvo-Mitsubishi plans, so a large platform was chosen. This was intended to generate the successor to the Volvo 960, while the Renault model program effect was less specified. A joint top management committee decided that the work should start from certain preconditions. The basis should be the current Safrane and a 6 cyl. Renault engine should be used. Renault would develop the front and middle parts and Volvo the rear part of the platform. A common platform, but separate brand names should be used. These decisions were taken when Volvo was at its lowest in terms of financial results and development resources. The weak position in relation to Renault as well as Renault's determined tactics contributed to a growing feeling among Volvo engineers that their top managers would not be able to defend the brand values. Renault on their side thought that the heavy construction that Volvo's safety concept required would compromise some of the important Renault properties. The slow start of Volvo resulted in a drawn out discussion

where the Volvo side managed to mobilise massive data to support their case (they learned that massive data and rigorous analysis was required in argumentation) for a modification of the front design to Volvo standards. In manning, the principle of balance was applied scrupulously. Every functional team with a French manager had a Swedish deputy and vice versa. The project leader was Swedish. Two platform organisations were established one in France and one in Sweden and two co-ordinating groups, one for system requirements (working a la Renault) and one for quality assurance (working a la Volvo) completed the formal organisation. From the summer of 1993 project P 4 was fully operational.

The main focus in the post-merger follow-up interviews with Volvo engineers seems to have been the conspicuous signalling of rank and prestige that Renault managers applied based in the natural understanding that power and authority automatically go with hierarchical position. This contrasted with the team approach of the Volvo culture that meant that decisions were taken by the team after a “muddling-through” process. This decision would be binding because of the consensus it implied. The Renault people also recognised negotiation as part of the process, but it seemed like a hierarchical decision was looked upon as a starting point for consensus building rather than as a conclusion of it. Status and wage differences were conspicuous. French managers expected to be waited for when they were late to a meeting (punctuality is a matter of good manners for Swedes), Swedes tended to leave meetings now and then for phone calls etc., which was annoying to their French colleagues. Renault people were confused by the tendency of their Swedish colleagues to pass by premises and alternatives and go directly to proposed solutions in their presentations (it was difficult to decode their reasoning). The Swedes found that the Renault people liked to discuss, develop and speculate on a more general level before coming to the point in rather complicated drafts. They tended to judge the French eloquence and “scientific approach” by the outcome; did it solve the problem? It seems like Volvo’s pragmatic approach with its use of tacit knowledge and common understandings, suitable to a smaller organisation, related poorly with Renault’s analytical, documentalist approach designed for a large hierarchical organisation. The Swedes seemed to avoid conflicts; French colleagues complained that they did not speak up when they disagreed. It seemed like the Brand name had different implications for the two parties. There was agreement in the alliance about Safety, Quality and Environmental Concern as common core values. When each of the two companies added their own supporting profile Volvo’s “durability” and “distinct styling” retained a supporting

function, while Renault's "pleasure to drive," "strong styling," "innovative solutions" and "strong concepts wherever possible" seemed to receive main emphasis. The agreed core values clustered around the Volvo values and this caused difficulties in the P 4 project.

The difference was often articulated in jokes and bantering, often with denigrating meaning; "Voiture a vivre" pitched against "Voiture a survivre," but mainly it showed itself in different ways of arguing for a specific solution. The point of safety being treated as a "sacred value" in Volvo product development is that the engineers are not supposed to compromise on this value (anything less than excellent is unacceptable). This amounts to "fundamentalism" (using tradition as an argument) in the eyes of Renault, while the technical optimisation ideology of Renault amounted to an exercise in self-centeredness in the eyes of Volvo. There were good arguments on both sides. The problem was that they were well known to both sides and included in deliberations. Renault representatives claimed that one cannot build "panzer cocooning" for passengers and be environmentally friendly at the same time, while Volvo people saw Renault's absence from many demanding markets as an indicator of an unreflected self-sufficiency and "hexagonal" thinking. The brand image orientation of Volvo is a PR-activity designed to fool American housewives, but not the scientifically trained engineer, was a Renault argument. In sum it seems like the Renault side when judging the alliance outcome were more inclined to criticise their own (cultural) practices while the Volvo side tended to regret their own meekness, their giving in to Renault claims too easily.

The breakdown of the alliance

As late as September 1993 internal surveys in Volvo indicated that there was broad support for the alliance in spite of the dissent over the decision to give responsibility to Renault for developing parts and functions that were critical to the Volvo brand image. However, dissent was growing and it came to be articulated via the engineers' union. Already at a union meeting with top alliance managers in April 1993 there was critique that top managers of Volvo did not back up the Volvo values. Did they not respect the competence in their own organisation? Did they not realise that this would demoralise the Volvo team? At the time Volvo was on its lowest level in financial results while Renault had recovered nicely after the earlier crisis. In response to this critique Volvo top managers pointed out that the new car, the Volvo 850, which was the pride of the development engineers, had been developed at greater expense of money and time than their competitors. When union representatives responded that the 850 contrary to Renault

models was doing well in the US market the answer was that according to the voice of the American customer the Volvo engineers had a lot to improve before they could aspire to give lessons to others. Instead they should pay proper respect to the high level of competence to engineers who had built a car like the Safrane. After this incident, it is reported, the engineers' union found that it had to defend the honour of the Volvo engineers who felt deserted by top managers. ("We realised that they had lost faith in VCC - in us! Gyllenhammar wanted to sell us away. If these messages were meant to make us more friendly to the merger plans, it was an odd way (to do it)"). On a more concrete level the plea for a reassessment of the allocation of responsibilities in the P 4-project was ignored. From that April meeting on the managerial problem at VCC was management of dissent. A seemingly direct consequence was that the formerly "leak-free" Volvo Company started to "leak" information to journalists.

This was a crisis period for the Swedish economy, with large-scale layoffs in all sectors. The individual employee faced a difficult choice between to argue for the Volvo core values to be applied or leave the organisation. Mr Gyllenhammar made it clear that anybody who was not happy with the intended solution should leave. The illustration was that the Volvo Car CEO who argued for an alliance with Audi as a better solution was forced to leave. Still the Volvo evaluation of the alliance draws the conclusion that the P4 project managed to maintain a team spirit. Part of this was due to the refusal of the project leader to allow fractions of the project, e.g. the Swedes, to organise separate meetings and also to rely on sound "engineering rationality" which was demonstrated when early decisions were changed on the basis of test results. The project cared for its autonomy and because of this there was some positive learning on both sides.

When summing up its Renault-experience the evaluators on the Volvo-side draw the conclusion that a niche producer like Volvo has as its first obligation to defend and cultivate its core competences and core values. This applies also to social values and brand image.

Looking back at this experience one can point to the central issue of core value fundamentalism that seems to run through the whole story. Fundamentalism in the sense that one consistently refers to "tradition" in one's arguments but also in the sense of not compromising ("optimising") core values. If a safer car has to be heavier so be it. This aspect of premium car development should be taken very seriously and the consequences

have to be worked out in order for communication inside the organisation as well as with its environment to be effective. The problem is that some values are highlighted at certain times and others at other times. It takes some rhetorical skill to weave it together to a convincing argument. Accusations of hypocrisy (saying one thing and doing another) may easily be provoked. Especially when coupled to the celebrated principle that the company must be true to its brand values in all its activities the problem is rendered conspicuous. One solution might be to talk about different values in different arenas and at different times (Brunsson 1989). This can probably be accomplished by a continuous production of a narrative about the origin and goal of the current activity (e.g., designing a new car model) that refers to different aspects of the core values and thus provides “entries” for holders of different values. Once “entry” is gained into the unfolding story of the activity in focus the member can participate in the further elaboration of the adventure. Mintzberg (1989) describes strategies as emergent; yes! No plan is ever “implemented” as anticipated.

Summary:

The “point” of this rather lengthy account of the history of the Volvo core values is that they are related to critical situations in the company history. They are emotionally loaded and public. Robustness was a core argument from the start. Imported cars could not take the beating caused by the Swedish roads of the 1920s. Assar Gabrielsson, one of the founding fathers, is reputed to have pointed out that it is people who drive the car and that they need protection. Safety became a key success argument with the 240 series. A car model that wouldn't die it served to build that core asset in the Volvo brand name. It also established Volvo's lead in the estate car segment, which landed it squarely in the family car business. The lambda-sond justified Environmental concern as a core value. The 700 series constituted a continuation. It added a distinct design that seemed daring at the time even if there were a couple of cars in the USA with a similar look. The 850 model, launched in 1991, added the “joy of driving” dimension that was necessary as the brand strategy was to move the Volvo further up toward the premium car segment. It also marked a significant break with the earlier argument against front wheel drive. The interesting thing about this is that it was the customer who had the final say. Even if most of the development engineers still preferred the back wheel drive they took the Galaxy findings to heart and acted accordingly. Large changes in the production process and component design (esp. engines and transmissions) were required. With this Volvo Car was firmly set in the Premium Car direction.

These changes at times seemed dictated by circumstances rather than by proactive planning, but this should be seen as the proper way to develop strategy for a niche company. Volvo never was a large player in the world market, even if it has been big in the Nordic countries and in estate cars. "Circumstances" started to play a major role as soon as Pehr Gyllenhammar assumed the leader role in Volvo. He, more than anyone, through his strategic adventures during the 1970s and -80s established Volvo a national asset not to be treated like any other business. In hindsight the approach to the strategic problem generated by the oil crisis must be seen as offensive and quite creative. The most prominent argument for the need of an increased resource base was the increasing cost and pace of product development.

The early focus on the non-stimulating work environment of the assembly line with the experiments to improve work conditions to foster learning by making work cycles extremely long, culminating in the Kalmar plant, helped keeping the diversified group together. The institutional leadership that mr Gyllenhammar demonstrated in this way initiated a compact with the members of the organisation and unions alike. He had the trust to lead the way and the compactness of the company provided for a superior agility in strategic movement. Gyllenhammar had the company in his hand. He was the one to make deals with. But in the critical situation, when the merger with Renault was imminent, it seemed like the engineers felt more committed to the core values. He had to go.

Rational fundamentalism?

The issue now is: how can a fundamentalist approach to certain brand values be combined with effective communication on the others, and maintenance of the value of the brand?

The nature of consensus among competent peers on complex issues could be described in terms of the following constituent ideas (Moscovici & Doise 1994, p. 3 ff.):

When consensus develops in a social situation it typically is based in choice. When facing choice the group, through the confrontation with arguments pro and con, are made aware of the danger of error, which would be eliminated by consensus. We resort to consensus to overcome the doubt, but also to end divisions and misunderstandings between defenders of different positions. We believe strongly in the benefits of mutual criticism

and free examination of arguments to reduce prejudice and subjective judgement on our way towards a sound decision. But as we approach choice and action there is a convergence of individuals to associate with others, to demonstrate commitment to a shared attitude towards the contemplated action so that others can rely on us to do our part, include us in their plans, group and project. Action presupposes unity of intention and discipline in pursuit of a common fate.

Consensus goes beyond acceptance or agreement. It binds the team together - even if everything can be discussed and questioned there is an underlying obligation to conclude an agreement that will be kept. An agreement that is obviously brought about by external pressure cannot be considered consensual. Consensus is built on common understanding (Habermas 1984). Furthermore, there is a link between consensus and the cultivation of reason. In the end people have a common principle of intelligence that will bring us in harmony toward reasoned solutions, enlightened solutions in spite of clashes of interest or opinion.

We thus have three central conceptions underpinning consensus formation; choice (and the elimination of the danger of error), trust (arriving at an agreement that will be kept), and reason (intelligence through free exchange of ideas and opinions).

The question is how do people arrive at consensus? Moscovici & Doise (1994) argue that classic theories on decision-making in groups are built on two premises;

1. Consensus formation is best achieved if the group has precise information on the purpose and if many participate in discussing it.
2. Also it is taken for granted that consensus is arrived at through compromise.

Moscovici and Doise (1994) claim that these premises do not hold when groups have to declare an attitude, reach a decision or solve a problem together. Instead “group polarization” is a common phenomenon. The concept was first introduced by Moscovici & Zavalloni (1969) to describe the finding that group members, during their discussion arrive at extremist consensus and that individual attitudes had become more extreme than they were previously. This result has been reproduced in a large number of experiments

since then. If it is true then the group rather than the individual is the key to organisational change.

The typical experiment design was that participants were interviewed individually about their opinions on some complex issue and then the group was charged with the task of arriving at a common opinion. After the group had reported the result of their discussion the members were interviewed individually about their opinion again. It was found that the groups tended to arrive at extreme positions in relation to those members brought with them into the group. Also, individual opinions after the group discussion tended to have moved towards the extreme position of the group consensus. Had the group, due to restrictions on the group discussion, e.g., time limits, fixed agenda, arrived at a common opinion through compromise, individuals tended to return to their original opinions after the experiment.

It was Stoner (c.f. 1968) who discovered that groups, contrary to conventional wisdom, tend towards taking more risks than individuals do. He explained this phenomenon by the dilution of responsibility that the group carries with it. The practical conclusion is to use groups when risk taking is desired and individuals when caution is called for (the problem is whether a group or an individual should decide here!). But with Moscovici and Zavellani's results showing that the group effect appears also in non-risky tasks a new theoretical dimension is introduced. Moscovici and Doise (1994) point to a mobilization of "intellectual and affective potentialities of each one of its members by making them participate in a collective action, not in order to increase cohesion, but to allow them to breach together the barrier of norms from which, if faced alone, they would recoil." (p. 41) Still it remains to be explained why, in a group where there is first dispute and then agreement on a common position, there is genuine individual change in opinion. This change seems to be related to the intensity of involvement (c.f. Csikszentmihaly's (1996), "flow") and the displacement of opinion is not a divergence from the mean position of group members but a shift towards the dominant position (understood as the position of the most involved member, i.e., the member who argues with the most intense commitment). Further, the shift will be more extreme the more directly involved the individual member is in the discussion, the more marked the differences, and the more valuable what is a stake in the discussion is perceived to be.

What is at stake, as mentioned by Moscovici and Doise, may be seen as a common ground for the bond of loyalty between the members of the group (for instance the "core values" that constitute what is to be considered a new car model that lives up to Volvo-standards). Such values, in order to have the proposed effect (organise consensus), must be shared to some extent by the members.

Potter and Wetherell (1987, p. 142 ff.) challenge this theory of social representation and the thrust of the critique is directed (1) towards the assumption that the community of representations establishes group identity. This assumption is problematic because it creates a vicious circle of identifying groups through representations and representations through groups. There are also (2) empirical problems connected with the underlying assumption that there is consensus in representations for the persons in a group. Such presuppositions will tend to smooth over internal diversity. Specifically there are distinctions to be made between the actual use of a representation ("the riot was caused by poor housing") and the mention of available representations ("the left wing press have claimed that the riot was caused by poor housing") and between use in generalized formulations (about police behaviour in riots) and in specific situations (police behaviour in this riot). Finally (3) there is the issue if social representations should be operationalised as cognitive or linguistic. We have chosen a linguistic approach in that we have video-recorded project management meetings and elicited the help of participants in two product development projects in interpretation of what is going on. There is internal diversity!

Empirical observation of value based product development

Our study followed the installation of turbo engines and low profile tyres in the smaller S/V 40 models for 1998 and the further development aiming at the US market in 1999. The problem is that when you increase the "joy of driving" by increasing speed and "sportyness" you also increase noise - road noise as well as wind noise. These consequences were expected. There was a noise expert on the development team in the first of the projects. He divided his time between noise reduction projects for the Quality department and the project where he was responsible for "Properties." This meant that he was a quality assurator regarding the properties written into the contract between the project leader and top management for this car model. "Properties" was one of the functional managers in the project who gathered in the PMG (Project Management Group) meeting half a day every second week to follow up the status of the project and take

decisions on proposed solutions to outstanding design problems. The project was located away from headquarters, in Holland, at the joint venture production plant with Mitsubishi. The context for the project was rather complex due to the facts that the new car was built on Mitsubishi's Carisma platform (modified to reach Volvo safety standards but still focused on common parts to gain economies of scale) and that production was "outsourced" to the Dutch joint venture NedCar. The reader may imagine the amount of negotiation with outside parties added to this project on top of the traditional problems with interfering functional departments (cf. Womack et al 1990). Here we are focusing on contradictions between brand values.

The PMG meetings are long, intensive meetings and the group is large, about 25 people because of the philosophy developed in Volvo to achieve coordination by keeping many members well informed about all aspects of the project. The consequence of this is that meetings tend to become seminars rather than decision making occasions. The meetings may be inefficient, as most respondents complained, but the project may be well coordinated. To solve this problem the project had a Technical Management Group (TMG) meeting on the afternoon before the PMG meeting.

Three episodes, involving noise consequences, from the video-recorded PMG meetings have been replayed to participants individually and their responses to the question "What is going on here?" have been audiotaped and transcribed. The episode itself and about 15 interpretations by participants for each episode have been analysed. Two common factors emerge. It seems like conflict between core values initiates discussion on responsibility, and that these discussions tend to members towards the periphery of the group. These were the episodes (forgive the brevity):

1. The noise expert had driven his test car at high speed on the German "Autobahn" and discovered a wind noise probably stemming from the trim moulding around the windshield and/or sunroof. He thought he should sound the alarm and he had brought up this quality problem up in yesterday's TMG meeting. The discussion there had focused on fixing the trim moulding and that was the task of the "Exterior" lead engineer. In the PMG meeting the project leader, who was not present at the TMG meeting questioned whether this belonged to the project it was a problem for the Quality department since it was the geometry of the base car that was the root of the problem. The counter argument was that it was the high speed that caused the noise and it was strategic since customers

buying the turbo version are likely to drive fast. Anyway there was a simple solution (that in fact had already been initiated by Quality) and that was to fix the trim moulding better. Now Exterior was anxious to define the problem as a fixing-the-trim-moulding problem rather than a noise problem (you never know what can happen with noise problems). The noise expert commented that he felt let down by the project leader, when you bring strategic issues like this one people should take it seriously and initiate a proper study of the sources and not jump at simple solutions like this. People will not want to bring issues up if they are ignored like this (Colleagues indicated that they thought that he should have known that Quality was already at work on this problem). Colleagues described Exterior as a person who has little tolerance for ambiguity and the episode confirmed this view of him. It was concluded that both the noise expert and Exterior lost position in the team in this episode. (Centrifugal move).

2. The noise expert is reporting, in the PMG meeting, on the status of a large quality project to reduce road noise. A large number of improvements have been identified, each rendering the odd decibel of improvement. He is talking about an experiment with a different stiffness in some rubber bushings in the wheel suspensions. He mentions, in passing, that the current ones deviate from specifications. The project leader seizes upon this and asks: How come that we have reject parts in current production? After moving over possible suspects the gaze stops at Purchasing, who must admit that he does not know. He feels accused. It turns out that an earlier discussion with the alliance partner had ended in a decision that was not registered as a specification. Purchasing had acted correctly; the specification had not been updated. No apology. Purchasing felt left as an outsider.

3. The lead engineer for Interior is reporting on the status of his area of responsibility and takes the opportunity to get a formal decision on work to introduce a noise reducing insulation solution for the firewall. It was sponsored by Quality for the diesel engine version, but could be used to improve also the petrol engine versions. The supplier could do the CAD/CAM work. A subordinate had given this excellent idea to Interior just before the meeting. The project leader had approved, here was an overhead picture with the required figures. It was just a formality. The problem was that the project leader was not present at this meeting. There were questions Interior could not answer. Most devastating was the Controller's question on who is paying. Interior stood there like a fool

when Production Control took the opportunity to attack this young engineer for sloppy work. The request was tabled. Interior had lost face.

Even if these situations, and other ones we have observed, are never clear cut due to the complexity of the specific embeddedness of the project I claim that a common factor when the project deals with conflicts between brand values is that member positions in the team shift. It is a matter of moving towards a more peripheral position because of failure to assume, or not being given, responsibility. In another set of episodes where the project faced constraints from the environment (cost reviews or time schedule changes) it was found that the team tended to band together in the fight for the integrity of the project and members who stood up for the project could gain position (centripetal moves).

There was little reference to the brand values (implicitly taken for granted) in argumentation, but there were these gains and losses in position (or social capital). This agrees with a theory of membership work as presented by Munro (1996), which consists of two aspects: identity work and alignment.

In order to be a (competent) member of the team we have to have a role in the team as a constructive contributor that is recognised by the others. We work out an identity in the context of the team and the measure of our success may be some kind of centrality in the group. Then we are trusted to speak on behalf of the group and make binding commitments. A member that loses face will be under observation. This seems to be a strong driving force in premium product design projects.

The other aspect of membership work is “alignment” where acts of the member are aligned to the common quest of the team. A first requirement for this to happen is that the common quest is articulated and that the aligning member has an opportunity to contribute. The articulated common quest is a narrative under construction. It provides the context (ground) against which the contemplated contribution (figure) is given meaning, - by the proposer as well as the assessing members of the team. In order for the project narrative to invite to membership work it must exhibit subjunctivity (Bruner 1986). Subjunctive verbs introduce conditionality, for example, if a student asks me to become her thesis advisor my answer could be: “You write me a thesis proposal” indicating that I do invite her but my action will be conditional upon how I judge her action. In this sense

subjunctivity invites to membership but introduces possibilities (possible worlds) rather than certainty.

Another aspect of the articulated narrative is that it helps members avoid misunderstanding because they will work out “implicature” (Grice 1967) from a common ground. Grice introduced the Co-operative Principle meaning that any conversation is a co-operation between participants who have to follow a large number of rules to accomplish an enjoyable conversation. The principle is broken down into four maxims (quality, quantity, relation, manner), and by breaching these maxims a speaker can signal that there is something behind what is said, an implication. The co-produced narrative mentioned above provides a joint basis for sense making and, in this way, for working out implications once the signal is given.

Remains to account for how the narrative is co-produced by team members:

The first requirement then is to abandon the speaker’s intention as the starting point. The fact that a speaker loses control over the meaning of a text as soon as it is uttered (and hearers go to work attributing meaning to it) introduces uncertainty in communication. The speaker goes “public” with a speech act and is exposed to the risk of “misinterpretation.” Cooren (2000) points to the fact that utterances are actions in the sense that they have narrative form. He adopts the semio-narrative theory of Greimas (1987) to provide a canonical form of a narrative and adds the idea of “actant” (Callon, 1986, Latour, 1996). Utterances of two kinds are required: utterances describing a state and those describing doing to arrive at a canonical form of a narrative schema (figure 2)

| Manipulation | Competence | Performance | Sanction |
|---|--|-------------|--------------------------------|
| - wanting to do of - having to do | - being able to do - knowing how to do | - doing | Recognition performance |

Figure 2 Canonical form of a narrative schema (Cooren 2000)

The point with this schema is that it depicts speech acts as action cast in a narrative, project shape. When we understand each other’s speech acts in this way it is only natural that we shape our contributions to the exchange in alignment with, or in opposition to, that narrative. An utterance produces a communicative situation that links people together, via an object (the text), i.e., somebody is addressing somebody else. This link is formed when the text does something to the recipient (The sign “Beware of dog!” gives me a warning; it is an actant). In this way the recipient attributes what the text is giving to her by relating the text to other

texts to form a reasonable interpretation (never certain). These production/attribution dimensions determine the types of transformations that are implied. To each of these types of acts can be coupled ideal conditions of satisfaction (like sincerity).

Next we turn to rhetoric to identify the two strategies (liaison and dissociation) we use to make people accept our discursive objects. Sometimes persuasive rhetoric is not required since there are procedures that render conventional what is otherwise not conventional (like contracts or difference in rank) - silent rhetoric.

Through rhetorical devices, or silent rhetoric, my narrative may get inserted in your narrative; I will give a contribution to your project, if the parties accept such an insertion. Such a mechanism is possible if we can mobilise the missing link, the instrument that is used in accomplishing the narrative. Here Cooren has already laid the ground by separating the text from the speaker and point to the text as “actant.” (Latour 1996). If we look at the contribution (sub-mission) to the project (mission) as an actant we can also see that it is quite possible to work under the mission (alignment) without being totally committed to all its goals (like the academic can submit a paper to a journal). If, however, a participant wants to link his/her identity to the project (for career reasons) membership work is the central aspect. We are likely to find varying identification with the project among participants in premium product development.

The organising narrative

My claim is that the project narrative can accommodate internal diversity and still maintain team cohesion. Such a narrative I call “strong.” Some properties of a strong narrative are:

1. A strong narrative contains instantiations of the core values of the organisation that the team producing the narrative represents.

This means that the narrative is a carrier of values as applied to the current and to the expected future time. The story, through the relations of its constituent parts presents its meaning, like the biblical story about the merciful Samaritan presents the virtue of mercifulness (cf. also Weick’s (1995) views on sense-making as enactment).

Bruner (1986, 1990) argues that there are two modes of thought, both irreducible to each other because they have different operating principles, criteria of well-formedness, and procedures of verification. One mode, the paradigmatic or logico-scientific builds on conceptualisation and formal operation á la the syllogism. It is the traditional scientific mode of thought with deductive reasoning as ideal and with a tendency towards universal statements. This mode of thinking leads to good theory and is suited for

arguments applying instrumental rationality to demonstrate that a proposed solution is the best given a clear goal. The other mode, the narrative mode, leads to a good story and is well suited for arguments based on value judgement in complex, multi-goal situations. Judgement of the goodness of a story is based on its sequentiality (Bruner 1990, p. 43), the unique sequence of events, mental states and happenings that involve human beings as actors. The configuration of the actors in the plot gives them meaning.

2. A second feature of a narrative is that it can be “real” or fictional without loss of power as story; it has a structure that determines its overall configuration (or plot). It has only a metaphorical relation to reality.

A third feature is that it “specializes in the forging of links between the exceptional and the ordinary” (Bruner, 1990, p. 47). This is a crucial point in need of comment here since it relates the story to its context. A culture is a set of norms that determine what is ordinary, or what is canonical. It tends to endow the traditional or the conventional wisdom with legitimacy and authority. But it must also have procedures for rendering departures from those cultural norms meaningful. This is where stories come in. When you encounter something out of the ordinary and ask somebody what is going on that person will usually tell a story that contains reasons for the occurrence – that make sense of it. The story will be an account of a possible world where the happening makes sense.

3. “*The function of the story is to find an intentional state that mitigates or at least makes comprehensible a deviation from a canonical cultural pattern.*” (Bruner 1990, p. 49, italics in original)

There is also a dramaturgical quality in narratives. Burke (1945) in his famous pentad of the anatomy of drama; an Actor, an Action, a Goal, a Scene, and an Instrument, plus TROUBLE (an imbalance between any of the five components). The drama consists of the deviation from the canonical and its consequences. This means that stories will relate to values, i.e., what is morally valued, appropriate or uncertain. The well-formed narrative will usually dwell on the concurrent intentions of the actor and the developments of the real world, the struggle between the two. In detective stories we see this duality in the plot of the murderer’s actions being gradually uncovered by the detectives in the second plot of his activities to find clues and draw conclusions (Czarniawska 1999).

4. A strong narrative has subjunctivity that invites interpretation

Subjunctivity, as mentioned, makes a statement open to alternative readings. The Webster Dictionary explains subjunction as: “ relate to, or constituting a verb form or set of verb forms that represents an attitude toward or concern with a denoted act or state not as fact but as something entertained in thought as contingent or possible or viewed emotionally.” *Write* in “I suggest he write a letter!” is a subjunctive form that lets the rest of the story be dependent upon whether he chooses to write that letter or not. The point is that subjunctivity invites the reader or hearer to enter into the story and help complete it. It generates an uncertainty that we tend to want to eliminate by joining in co-producing the narrative. This property of a narrative of enlisting the reader in the “performance of meaning under the guidance of the text” (Bruner 1986, p. 25) is built on three features according to Bruner:

- triggering of presupposition, i.e., the creation of implicit rather than explicit meaning,
- subjectification, i.e., the depiction of reality not through an omniscient eye that views a timeless reality, but through the filter of the consciousness of protagonists in the story.
- multiple perspective, i.e., beholding the world not univocally but simultaneously through of prisms each of which catches some part of it.

5. A strong narrative provides for alignment by implicature

The narrative has more meaning than it says. The narrative has implications (or “implicature” to use Grice’s (1989) term) that have to be worked out by the participants in the dialogue on a project as it is progressing in co-production among participating specialists. The dialogue on proposed solutions to design tasks is a cooperative game and participants are well advised to apply the Co-operative Principle (Grice 1989). To illustrate what this means refer back to the evaluation of the Renault-Volvo alliance. One point made by the Renault engineers about their Volvo colleagues was that they tended to go for the suggested solution directly without the proper laying out of relevant criteria and possible alternatives. After all designing a car is an optimising exercise where choice must be weighed on its merits in relation to the set of relevant goals. You have to be aware of how prioritising one goal affects others. How can you take knowledgeable decisions any other way? The Volvo-engineers tended to think that the Renault engineers put on their

performance again and again, repeating what had already been agreed on, and not getting to the point. After all a project meeting is a decision-making forum not a seminar.

The function of the strong narrative in the attribution of meaning to statements and submissions in the project is that it will serve as the common context used to work out implications (when a meaning means more than what is said).

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